

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Guidance Letter No. 4, New Start Construction Projects-Draft LCA Submission Requirements and Status of General Design Memorandum (GDM)

1. References:

- a. EC 1105-2-144, "Policy Guidance for New Start Construction Projects" dated 1 June 1987.
- b. EC 11-2-153, "Annual Program and Budget Request for Civil Works Activities Corps of Engineers, Fiscal Year 1989", dated 29 May 1987.
- c. ER 1110-2-1150, "Engineering after Feasibility Studies", dated 15 November 1984.

2. Paragraph 5 of Reference 1.a. addresses procedures and responsibilities associated with the development and processing of draft Local Cooperation Agreements (LCA's) on New Start Construction Projects. This letter provides clarification on the conditions necessary for the processing of LCA's within HQUSACE and final execution by the A/ASA(CW). The procedures described in this letter are specifically keyed to the budget process.

3. Unbudgeted New Construction Starts

a. Projects in Feasibility and/or PED Phase - The development of a preliminary draft LCA should begin during the feasibility study phase (see attached table). LCA development would then continue during the Preconstruction Engineering and Design (PED) Phase. However, it must be understood that no commitments can be made to the local sponsor on any aspect of a project or separable element until:

- (1) The GDM is approved;
- (2) The project is budgeted as a New Construction Start; and
- (3) The draft LCA has been reviewed and approved by the OASA(CW).

b. Congressional Adds - For unbudgeted New Start adds approved by ASA(CW) for construction, proceed with development of a draft LCA only subject to special instructions from CECW-B.

4. Budgeted New-Construction Starts - In accordance with Paragraph S.a.(2) of reference 1.a., once a project is budgeted as a new construction start, "... the District Commander is responsible for negotiating and obtaining a draft LCA for review by HQUSACE/OCE and approval of the Assistant Secretary of the Army (Civil Works) (ASA(CW)) upon

completion of the GDM for the project.” To be considered eligible for budgeting as a new construction start, normally a project must have an approved GDM in accordance with the Eligibility, Preliminary Selection, and prioritization Criteria (Page B-3-3 of Reference 1.b.). The basis for this is that commitments for the construction of a project, embodied in an LCA, cannot occur until a Federal investment decision has been made to support construction of the project through the budget process.

5. Budgeted Separable Elements of Ongoing Construction Projects, Resumptions, and Un-started Projects Previously Funded for Construction.

a. The guidance in paragraph 4 above is also applicable to separable elements of ongoing construction projects, resumptions, and un-started projects previously funded for construction, except that the provisions of paragraph B-2.5 on pages B-2-2 and B-2-3 of reference 1.b. apply. However, the budget requests for these projects/elements are very likely based on specific DM's or reevaluation reports because the GDM's for the parent projects are outdated. Furthermore, the feasibility reports for these projects/ elements were probably accomplished at 100 percent Federal cost and they probably have not previously been subject to any type of cost sharing market test under the cost sharing and financing provisions of the Water Resources Development Act of 1986. Therefore, while the development of a preliminary draft LCA may be undertaken during accomplishment of the specific DM or reevaluation report in a similar manner as described in paragraph 3.a. for projects in the feasibility or PED phase, it is especially important that no commitments be made to the local sponsor on any aspect of a project/ element until:

(1) The provisions of paragraph B-2.5,f. are met (particularly the requirement that each specific DM or reevaluation report be approved by HQUSACE or be at HQUSACE for approval by 4 May of the BY-2 with approval expected by 15 July of the BY-2);

(2) The project/element is budgeted under other new work recommendations; and

(3) The draft LCA has been reviewed and approved by the OASA(CW).

b. In all cases for separable elements of ongoing construction projects, resumptions, and un-started projects previously funded for construction, the specific DM's or reevaluation reports must readily:

(1) Serve as the basis for understanding and confirming the breakdown of Federal and non-Federal project responsibilities;

(2) Provide a technical description of the project to be constructed;

(3) Display an up-to-date allocation of project benefits and costs; and

(4) Attest to the satisfaction of “NEPA requirements.”

6. This letter addresses general policy. However, this does not preclude the Division Commander from requesting an advance review of LCA issues or proposed provisions on a case-by-case basis. If there are any questions on this issue, the point of contact is Mr. Rob Vining, CECW-RN at (202) 272-0123.

FOR THE COMMANDER:

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